338.7
St 25
1953

Standard Oil Company of California

ANNUAL REPORT

1953

STANDARD OIL COMPANY OF CALIFORNIA

(INCORPORATED IN DELAWARE)

BOARD OF DIRECTORS

HILLYER BROWN	F. S. BRYANT	H. D. COLLIER	G. A. DAVIDSON
R. G. FOLLIS	A. N. KEMP	GAGE LUND	ATHOLL McBEAN
E. J. McCLANAHAN	ROBERT W. MILLER	T. S. PETERSEN	PAUL PIGOTT

OFFICERS

R. G. FOLLIS	Chairman of the Board	E. J. McCLANAHAN	Vice-President
T. S. PETERSEN	President	G. J. O'BRIEN,	Vice-President (Los Angeles)
W. H. BEEKHUIS	Vice-President	G. L. PARKHURST	Vice-President
HILLYER BROWN	Vice-President	E. R. PETERSON	Vice-President
F. S. BRYANT	Vice-President	J. E. TOUSSAINT	Vice-President
K. H. CRANDALL	Vice-President	H. G. VESPER	Vice-President
G. A. DAVIDSON	Vice-President	G. M. FOSTER	Secretary
W. W. DAVISON	Vice-President	H. C. JUDD	Treasurer
P. L. FAHRNEY	Vice-President	W. L. GREEN	Assistant Secretary
T. L. LENZEN	Vice-President	H. L. SEVERANCE	Assistant Secretary
GAGE LUND	Vice-President	S. W. SELFRIDGE	Assistant Treasurer

338.7
S425
1953

RESULTS IN BRIEF

	1953	1952
Gross Income	$1,156,757,475	$1,087,115,653
Expenses	967,304,025	913,085,154
Net Income	$ 189,453,450	$ 174,030,499
Net Income Per Share (28,673,192 shares)	$6.61	$6.07
Cash Dividends	$ 86,019,576	$ 86,019,576
Capital and Exploratory Expenditures	$ 223,602,181	$ 225,565,414
Total Assets	$1,535,184,526	$1,407,198,494
Liabilities and Reserves	273,589,358	249,037,200
Shareholders' Equity—at book value	$1,261,595,168	$1,158,161,294
Per Share	$44.00	$40.39
Production—Refining—Sales: (Barrels Daily)		
Gross Production of Crude Oil and Natural Gas Liquids	337,880	337,233
Refinery Runs of Crude Oil	446,604	408,183
Sales of Petroleum Products	432,733	424,561
Sales of Crude Oil	163,829	178,351

TANDARD OIL BUILDING, *headquarters of the Company in San Francisco.*

Annual Report

1953

To the 112,763 Shareholders of
Standard Oil Company of California

During 1953, the Company experienced its largest year in volume of product sales and refinery runs, while production of crude oil and natural gas liquids was approximately the same as the high level of 1952. Resulting dollar revenue and operating expenses were the highest in the Company's history.

Net income after taxes was $189,453,450 or $6.61 a share, as compared with $174,030,499 or $6.07 a share in 1952, the largest previous year. The 1953 figures include a non-recurring profit equivalent to 17 cents a share, from the sale of a stock interest in Pacific Public Service Company.

Dividends in 1953 were $3.00 a share, declared at the rate of 75 cents a quarter.

Capital and exploratory expenditures totaled $224,000,000. The new capital investment was considerably greater than the provisions for replacement and depletion. The additional funds required for this purpose were provided from current earnings.

At the same time, the Company's net working capital position was strengthened and $35,000,000 was added to the cash and government securities accounts, bringing their total at year's end to $173,000,000.

These funds will be drawn upon to pay the increase in 1953 Federal taxes over those levied the previous year. Together with new funds from current operations, they also will be available to finance capital and exploratory expenditures planned for 1954. Cash requirements for these purposes are expected to be substantially larger than they were in 1953.

A small reduction was made in long term indebtedness in 1953, and the total of direct obligations at the end of the year was $79,000,000. No new borrowing is contemplated.

The Company is an integrated organization; that is, it engages in all the basic operations of the oil industry — exploration and production, transportation, refining and marketing. In addition, the Company is active in the field of petrochemicals. A proper balance of these various operations must be maintained, particularly in long range planning.

The significance of this balance is apparent upon examination of the world-wide activities of the Company and its affiliates. Considering the Company's proportionate interests in the output of affiliates, the total of products refined and marketed around the world is substantially the equivalent of the crude oil produced. It may be noted that the Company's operations, including its share in the operations of affiliates, account for about 5 per cent of the Free World's production and distribution of petroleum.

In an operation of this magnitude, considerations of social conditions must play an important part. In the United States, the business must be operated not only to provide essential service and products for civilian and military needs, but also to plan carefully so that there will be oil available in ample quantities to meet the requirements of the years ahead. In foreign operations, the interests of many nations must be taken into account, both in day-to-day conduct and in planning for the future.

With these responsibilities in mind, the Company has two continuing major objectives as an integrated company:

1. To find new oil to replace withdrawals from the ground, made in order to operate the business, and to add to underground reserves for the future growth and successful operation of the business;
2. To provide the facilities necessary for producing, transporting, processing and marketing the oil and to conduct these operations in an efficient and profitable manner.

Exploration is so basic to an integrated company that, despite its speculative nature, it warrants a primary place in general long term planning. In recognition of this fact, the extensive exploration activities of 1952 were continued during 1953. Exploration expenditures of about $79,000,000 were the largest item in the general program, followed by $71,000,000 for oil field development. The remaining capital expenditures, amounting to $74,000,000, were applied to various other branches of the business.

Exploration in the Western Hemisphere resulted in the discovery of an encouraging number of new fields and pools. Development work also extended the productive limits of a number of previously discovered fields. In total, considerably more oil was added to the Company's reserves than was taken out.

Of the 104 exploratory wells drilled, 28 were completed successfully and added significant quantities of oil and gas to reserves.

The successful exploratory wells brought in were at widely separated points in the United States and Canada: in California, Louisiana, Texas, Colorado, Wyoming, Alberta and Manitoba.

Following Congressional action confirming title of certain offshore submerged lands to the states, preparations were made for exploration and drilling campaigns in the areas involved. For some time a subsidiary has been the largest offshore oil producer on the Gulf Coast.

Concession agreements were entered into in Peru, Colombia and Ecuador. They substantially augment the acreage positions already held in Venezuela, Colombia and Trinidad. Exploratory work was under way or planned in these countries.

An affiliated company made an important oil discovery in Australia, which heretofore has had no oil production on a commercial basis. Much remains to be done to determine the size of the reserves tapped, but the discovery created widespread interest in Australia and elsewhere. Reserves located in such a stable country could add greatly to the Free World's strategic resources. Work is being pushed to establish the extent of the find.

Dividends received during 1953 from affiliates operating in the Eastern Hemisphere were $60,827,000 before taxes and $53,213,000 after taxes. The net result was about the same as in 1952.

One of these affiliated companies, Arabian American Oil Company, in which the Company has a 30 per cent interest, maintained its place as one of the world's largest crude oil producing companies. Development work during the year added substantially to proved oil reserves in Saudi Arabia.

The Caltex Companies (in which the Company holds a 50 per cent interest) have an 80 per cent interest in the important Australian development mentioned previously. They also proceeded with the further development of oil reserves in Sumatra. Their product sales in the Eastern Hemisphere increased 12 per cent over 1952.

Both in the United States and abroad, the last half of the year saw petroleum stocks and production in ample supply, with competition everywhere becoming more intense. However, the Company believes that, barring unforeseen developments in international and economic affairs, its 1954 business will continue at a high level.

B. W. Letcher retired as a Vice-President and Director on December 31 after 43 years of service with the Company. He was succeeded on the Board of Directors by G. A. Davidson, who has been a Vice-President since 1944.

In rounding out this brief résumé of the progress and operations of the Company during 1953, the management expresses appreciation to the employees of the Company for their loyalty and their efforts in contributing to the accomplishments of the year.

By Order of the Board of Directors

T. S. PETERSEN, President *R. G. FOLLIS, Chairman of the Board*

March 17, 1954

STANDARD OIL COMPANY OF CALIFORNIA

Consolidated Statement of Income

	1953	1952
Gross Income:		
Sales of products and services	$1,080,425,144	$1,015,309,183
Dividends from companies owned 50% or less operating in Eastern Hemisphere (Note 2)	60,827,369	63,107,259
Dividends from other companies (Note 2)	5,188,798	3,616,221
Profit on sale of common stock of Pacific Public Service Company	6,890,423	—
Other income	3,425,741	5,082,990
	1,156,757,475	1,087,115,653
Expenses:		
Cost of products sold and other operating expenses	701,131,057	678,397,899
Depreciation, depletion and amortization	108,114,984	98,943,726
Exploration, delay rental and unproductive well costs (Note 3)	49,780,053	52,430,789
Federal and other taxes based on income (estimated) (Note 4)	64,600,000	40,700,000
Other taxes	41,723,859	40,170,298
Interest on long term debt	1,851,343	2,034,525
Miscellaneous	102,729	407,917
	967,304,025	913,085,154
Net Income	$ 189,453,450	$ 174,030,499

Consolidated Statement of Earned Surplus

	1953	1952
Balance at Beginning of Year	$586,424,530	$498,413,607
Net Income for Year	189,453,450	174,030,499
Cash Dividends	(86,019,576)	(86,019,576)
Balance at End of Year	$689,858,404	$586,424,530

Consolidated

ASSETS

	December 31 1953	December 31 1952
Current Assets:		
Cash	$ 77,494,489	$ 68,325,870
U. S. Government securities, at cost which approximates market	95,809,432	69,994,531
Accounts and notes receivable (less reserves of $1,905,000 in 1953 and $1,890,000 in 1952)	118,974,455	109,300,187
Inventories:		
Crude oil and products, at cost (on last-in, first-out basis), which is below market	107,359,342	83,674,904
Other merchandise, at cost	11,990,679	11,180,945
Materials and supplies, at or below cost	36,922,673	38,287,945
	448,551,070	380,764,382
Long Term Receivables (less reserves of $875,000 in 1953 and $765,000 in 1952)	11,245,780	8,858,348
Investments in Companies Not Wholly Owned (At or Below Cost):		
Operating in foreign countries:		
Companies over 50% owned (Note 2)	364,384	409,449
Companies owned 50% or less	11,840,749	14,329,351
	12,205,133	14,738,800
Operating in the United States:		
Companies over 50% owned (Note 2)	3,036,620	3,213,918
Companies owned 50% or less	4,647,445	7,214,455
	7,684,065	10,428,373

Properties, Plant and Equipment (Note 3):

Classification	*Gross Book Value*	*Depreciation, Depletion and Amortization Reserves*	*Net Book Value*		
Producing	$1,168,672,167	$571,865,891	$ 596,806,276		
Pipe Line	83,556,794	34,386,269	49,170,525		
Manufacturing	360,838,441	158,337,271	202,501,170		
Marine	86,262,094	22,806,266	63,455,828		
Marketing	150,911,495	61,301,737	89,609,758		
Motor Transport	19,606,255	10,251,350	9,354,905		
Other	35,804,919	9,043,975	26,760,944		
Total	$1,905,652,165	$867,992,759	$1,037,659,406	1,037,659,406	977,159,390
Prepaid and Deferred Charges				17,839,072	15,249,201
				$1,535,184,526	$1,407,198,494

ANY OF CALIFORNIA

Balance Sheet

LIABILITIES

	December 31 1953	December 31 1952
Current Liabilities:		
Accounts payable	$ 77,833,234	$ 66,346,991
Long term debt due within one year	5,124,680	3,834,280
Accrued interest on long term debt	501,138	517,295
Motor fuel taxes payable	8,404,139	7,107,167
Federal excise taxes payable	3,597,851	3,540,903
Federal and other taxes based on income (estimated) (Note 4)	67,424,441	49,314,010
Other accrued taxes payable	12,425,889	14,967,600
	175,311,372	145,628,246
Long Term Debt:		
Standard Oil Company of California:		
1.85% loans from banks due August 1, 1958	50,000,000	50,000,000
Purchase obligation due annually to 1961	4,236,503	4,229,948
Subsidiary Companies:		
California Transport Corporation 2¾% note due in 1955	2,500,000	7,500,000
Salt Lake Pipe Line Company 2% to 3¼% notes due in varying amounts to 1972	22,675,000	23,437,500
	79,411,503	85,167,448
Reserve—General Insurance	18,866,483	18,241,506
	273,589,358	249,037,200
Capital Stock and Surplus:		
Capital stock—no par value:		
Authorized—40,000,000 shares Issued—28,673,192 shares	358,414,900	358,414,900
Capital surplus	213,321,864	213,321,864
Earned surplus	689,858,404	586,424,530
	1,261,595,168	1,158,161,294
	$1,535,184,526	$1,407,198,494

Notes to Financial Statements

1. PRINCIPLES OF CONSOLIDATION

The accounts of all wholly owned subsidiary companies are included in the consolidated financial statements. Items recorded in foreign currencies have been expressed in United States dollars as follows: Current and working assets and liabilities have been converted at rates of exchange in effect at the close of the year, and investments and fixed assets at rates in effect when acquired. Income, costs and expenses have been converted at average rates of exchange during the year, except depreciation, depletion and amortization which have been calculated on the United States dollar cost of properties. Unrealized profits or losses from conversion of items as described above are included in the statement of income.

2. COMPANIES NOT WHOLLY OWNED

The Company's equity in the estimated undistributed net income for 1953 of companies owned 50% or less operating in the Eastern Hemisphere, if reduced by an amount equivalent to the additional foreign and domestic taxes which would have been payable had all the 1953 net income been distributed as dividends, would have been approximately $38,000,000; without making such reduction the Company's equity in the estimated undistributed net income for 1953 of those companies was $56,716,710.

The Company's equity in undistributed net income of unconsolidated companies over 50% owned has increased $4,230,518 since acquisition; its equity in their 1953 net income exceeded dividends received from them during the year by $2,214,396.

Undistributed net income which may be received as dividends from the above companies will be subject to foreign and domestic taxes under laws prevailing at the time of distribution.

3. PROPERTIES, PLANT AND EQUIPMENT

Properties, plant and equipment are carried at values approved by the Directors at organization in 1926, plus subsequent additions at cost (less reserves).

Exploration expenditures resulting in the acquisition or retention of properties are capitalized, while the remainder is charged to expense. Costs of wells capable of producing are capitalized, and costs of unproductive wells are charged to expense.

4. TAXES

No provision for excess profits tax was required in 1953 or 1952. In arriving at the 1952 provision for Federal and other taxes on income, a credit of $6,700,000 was applied as a reduction resulting from the carry-back allowance of the unused portion of the 1952 excess profits credit.

The liability for Federal and other taxes on 1953 and prior years' income, which may result from the final interpretation of tax laws and regulations, is not presently determinable, but the amount provided at December 31, 1953 should be sufficient to meet such liability.

No provision has been made for income taxes which may be payable on future distributions from surplus of wholly owned subsidiary companies included in the consolidated statement of earned surplus.

5. RETIREMENT AND STOCK PLANS

At December 31, 1953 the balance of the companies' contributions and related investment income, under various retirement plans, held by trust companies in the form of cash and securities (at cost) amounted to $98,583,734. Contractual liabilities of the companies at that date were estimated to be approximately $84,000,000.

During the year a total of $10,906,502 was charged against income in connection with retirement plans. This amount exceeded by approximately $1,050,000 the estimated accrual, including interest, for services during the year of active employees under the plans.

Contractual liabilities of the companies at December 31, 1953 do not include potential liabilities as to employees who had not attained the years of credited service required for vested rights to annuities, since their benefits under the plans may be modified or terminated under certain conditions. (Such potential liabilities are estimated at $33,500,000 based on actuarial assumptions as to mortality, turnover, interest, etc.)

The charge against income in 1953 in connection with the stock plan for employees amounted to $5,031,021.

6. CONTINGENT LIABILITIES

At December 31, 1953 the Company had contingent liabilities of $41,837,000 as guarantor of notes of companies owned 50% or less operating in foreign countries.

The Company and its subsidiaries have certain other contingent liabilities (in addition to those in Notes 4 and 5) in respect of litigation, claims, renegotiation, commitments and as guarantor of notes and contracts. Officials of the Company are of the opinion that such contingent liabilities will not result in any significant financial liability in relation to the net assets of the Company and its subsidiaries.

Report of Independent Public Accountants

To the Board of Directors of

Standard Oil Company of California:

In our opinion, the accompanying consolidated balance sheet and the related statements of income and earned surplus, together with the notes thereto, present fairly the position of Standard Oil Company of California and wholly owned subsidiary companies at December 31, 1953 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of such financial statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

San Francisco, March 17, 1954

Ten Years of Financial and Operating Statistics

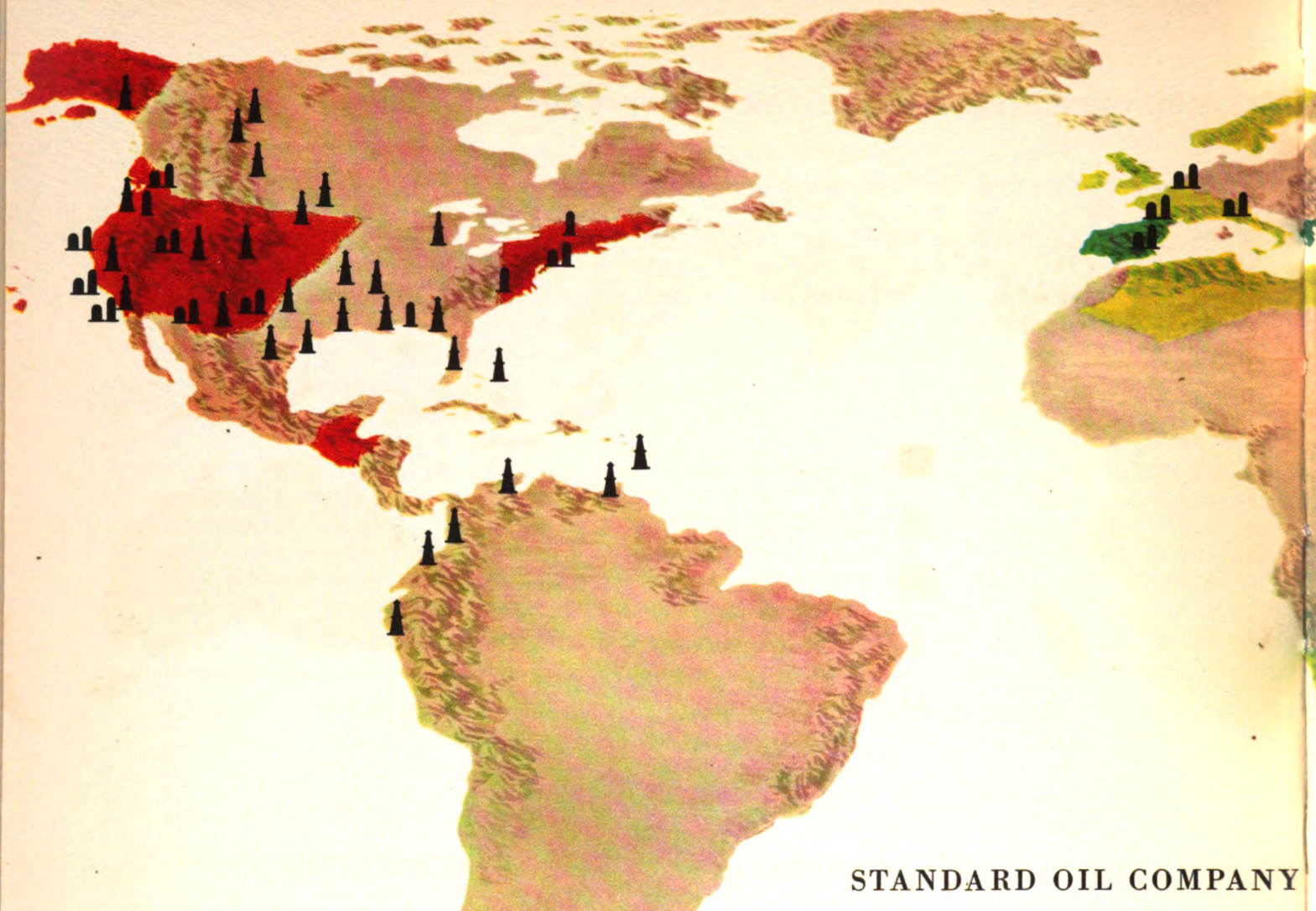
		1953	1952	1951
FINANCIAL	Net Income	$ 189,453,450	$ 174,030,499	$ 173,341,211
	Per Share¶	$ 6.61	$ 6.07	$ 6.05
	Cash Dividends	$ 86,019,576	$ 86,019,576	$ 74,532,059
	Per Share¶	$ 3.00	$ 3.00	$ 2.60
	Sales of Products and Services	$1,080,425,144	$1,015,309,183	$ 975,378,009
	Dividends from Eastern Hemisphere Affiliates*	$ 60,827,369	$ 63,107,259	$ 58,968,783
	Total Assets	$1,535,184,526	$1,407,198,494	$1,365,574,023
	Liabilities and Reserves	$ 273,589,358	$ 249,037,200	$ 295,423,652
	Shareholders' Equity—at Book Value	$1,261,595,168	$1,158,161,294	$1,070,150,371
	Per Share¶	$ 44.00	$ 40.39	$ 37.32
	Current Assets	$ 448,551,070	$ 380,764,382	$ 409,659,561
	Current Liabilities	$ 175,311,372	$ 145,628,246	$ 181,798,739
	Working Capital	$ 273,239,698	$ 235,136,136	$ 227,860,822
	Properties, Plant and Equipment (Net)	$1,037,659,406	$ 977,159,390	$ 903,492,635
	Additions to Properties, Plant and Equipment	$ 173,822,128	$ 173,134,625	$ 143,450,870
	Depreciation, Depletion and Amortization	$ 108,114,984	$ 98,943,726	$ 86,764,464
	Total Payroll (Including Construction)	$ 183,859,421	$ 171,735,597	$ 151,712,267
OPERATING	Gross Production of Crude Oil (Barrels)			
	Domestic—California	46,083,175	47,855,842	50,835,095
	Other States	57,992,629	57,971,720	54,479,325
	Canada and South America	11,232,039	9,111,827	6,112,175
	Gross Production of Natural Gas Liquids—Domestic (Barrels)	8,018,482	8,487,923	8,332,537
	Total Gross Production, Western Hemisphere	123,326,325	123,427,312	119,759,132
	Proportion of Gross Crude Oil Production in Eastern Hemisphere Represented by the Company's Stock Interest in Affiliates* (Barrels)	105,862,197	98,969,058	89,061,491
	Total	229,188,522	222,396,370	208,820,623
	Net Production of Crude Oil (Barrels)	102,184,179	102,324,013	99,828,523
	Net Production of Natural Gas Liquids (Barrels)	7,380,046	7,766,424	7,622,818
	Total Net Production, Western Hemisphere	109,564,225	110,090,437	107,451,341
	Purchases of Crude Oil, Excluding Royalty (Barrels)	106,667,583	100,426,017	92,051,859
	Refinery Runs of Crude Oil (Barrels)	163,010,634	149,394,855	138,515,189
	Sales of Petroleum Products (Barrels)	157,947,519	155,389,175	147,941,128
	Sales of Crude Oil (Barrels)	59,797,532	65,276,576	62,454,867
	Sales of Natural Gas (1,000 Cu. Ft.)	83,858,856	81,490,535	87,403,369
	Number of Wells Drilled‡—Oil	438	504	448
	Gas	18	12	12
	Dry	113	173	103
	Total	569	689	563
YEAR-END	Inventories of Crude Oil and Products (Barrels)	48,169,154	37,343,103	33,166,131
	Producing Oil and Gas Wells—Domestic‡	7,730	7,023	6,812
	Producing Oil and Gas Wells—Foreign‡	225	167	95
	Total	7,955	7,190	6,907
	Acreage of Oil and Gas Properties (Net)—Domestic	8,192,396	9,161,782	7,670,213
	Acreage of Oil and Gas Properties (Net)—Foreign	24,667,336	21,958,105	12,002,935
	Number of Employees	34,940	34,753	32,339
	Number of Shareholders	112,269	109,749	104,857

¶Computed on 28,673,192 shares. §Also 5% stock dividend. *Affiliates are owned 50% or less by Standard Oil Company of California.

STANDARD OIL COMPANY OF CALIFORNIA AND WHOLLY OWNED SUBSIDIARIES

1950	1949	1948	1947	1946	1945	1944
$ 150,804,105	$ 136,017,835	$ 161,491,932	$107,268,575	$ 66,956,611	$ 55,554,628	$ 43,467,997
$ 5.26	$ 4.74	$ 5.63	$ 3.74	$ 2.34	$ 1.94	$ 1.52
$ 71,620,489	$ 54,579,661	$ 52,015,812	$ 41,612,650	$ 29,909,092	$ 26,007,906	$ 26,007,906
$ 2.50	$ 1.90§	$ 1.81§	$ 1.45	$ 1.04	$ .91	$ .91
$ 815,619,774	$ 742,551,413	$ 744,826,950	$537,051,570	$372,797,407†	$343,327,684†	$328,778,982†
$ 47,884,120	$ 28,500,055	$ 27,500,010	$ 13,617,365	—	—	—
$1,232,953,325	$1,157,703,362	$1,108,329,832	$876,185,264†	$785,467,400†	$738,346,440†	$718,869,980†
$ 261,612,106	$ 265,545,759	$ 297,610,403	$166,639,126†	$139,633,787†	$128,744,086†	$132,899,501†
$ 971,341,219	$ 892,157,603	$ 810,719,429	$709,546,138	$645,833,613	$609,602,354	$585,970,479
$ 33.88	$ 31.11	$ 28.27	$ 24.75	$ 22.52	$ 21.26	$ 20.44
$ 334,428,981	$ 341,480,019	$ 327,838,990	$189,491,341†	$148,183,068†	$156,532,881†	$173,252,551†
$ 144,503,569	$ 104,358,818	$ 118,760,707	$ 86,217,557†	$ 57,809,128†	$ 43,090,071†	$ 50,636,331†
$ 189,925,412	$ 237,121,201	$ 209,078,283	$103,273,784†	$ 90,373,940†	$113,442,810†	$122,616,220†
$ 852,475,966	$ 772,735,397	$ 737,583,518	$637,988,557	$550,800,590	$499,807,870	$481,413,716
$ 160,800,692	$ 123,535,228	$ 163,544,554	$141,610,339	$103,479,534	$ 77,413,081	$ 49,829,364
$ 75,266,439	$ 75,706,705	$ 66,103,378	$ 48,968,790	$ 41,662,603	$ 46,815,850	$ 41,260,837
$ 131,763,785	$ 131,057,481	$ 129,632,779	$107,895.551	$ 87,069,144	$ 72,121,063	$ 67,227,136
51,194,560	57,335,793	65,376,270	63,580,090	60,366,064	63,292,944	57,890,573
49,385,333	43,160,679	39,623,382	32,452,351	25,261,670	16,047,625	10,291,759
4,965,013	1,785,182	744,842	454,700	448,837	308,558	151,700
7,835,752	7,654,297	6,537,084	4,810,494	3,944,701	3,955,279	3,595,912
113,380,658	109,935,951	112,281,578	101,297,635	90,021,272	83,604,406	71,929,944
65,546,693	57,868,380	48,325,189	31,660,849	33,976,784	14,309,967	7,254,107
178,927,351	167,804,331	160,606,767	132,958,484	123,998,056	97,914,373	79,184,051
94,328,612	92,725,769	98,984,688	89,711,905	79,871,615	74,252,786	63,706,974
7,134,647	6,977,229	6,315,896	4,516,053	3,666,586	3,696,068	3,375,525
101,463,259	99,702,998	105,300,584	94,227,958	83,538,201	77,948,854	67,082,499
71,071,051	59,485,111	61,392,572	53,173,289	44,120,105	40,687,257	44,338,224
110,457,378	111,554,922	114,357,782	100,419,302	90,251,860	95,008,019	90,997,529
132,015,903	120,223,445	125,158,407	115,264,553	100,045,785	105,406,961	104,127,959
56,424,028	44,698,001	40,762,966	34,814,322	29,013,501	18,222,937	12,038,049
113,834,252	117,118,776	113,137,874	92,632,760	83,333,510	90,571,132	102,934,682
412	370	633	433	396	529	418
9	13	19	20	23	18	22
67	70	79	76	57	112	101
488	453	731	529	476	659	541
31,790,618	33,554,437	31,847,195	25,107,386	24,512,212	22,491,319	24,643,754
6,418	5,618	5,995	5,470	5,111	4,809	4,138
80	61	53	36	31	29	11
6,498	5,679	6,048	5,506	5,142	4,838	4,149
4,032,434	3,786,653	4,038,228	4,091,019	3,630,517	3,068,584	2,979,666
6,456,752	6,624,713	5,841,766	8,085,640	6,149,001	5,396,280	4,946,075
30,671	29,846	31,983	31,252	28,222	27,246	23,375
98,605	94,691	91,247	90,850	89,313	87,260	83,281

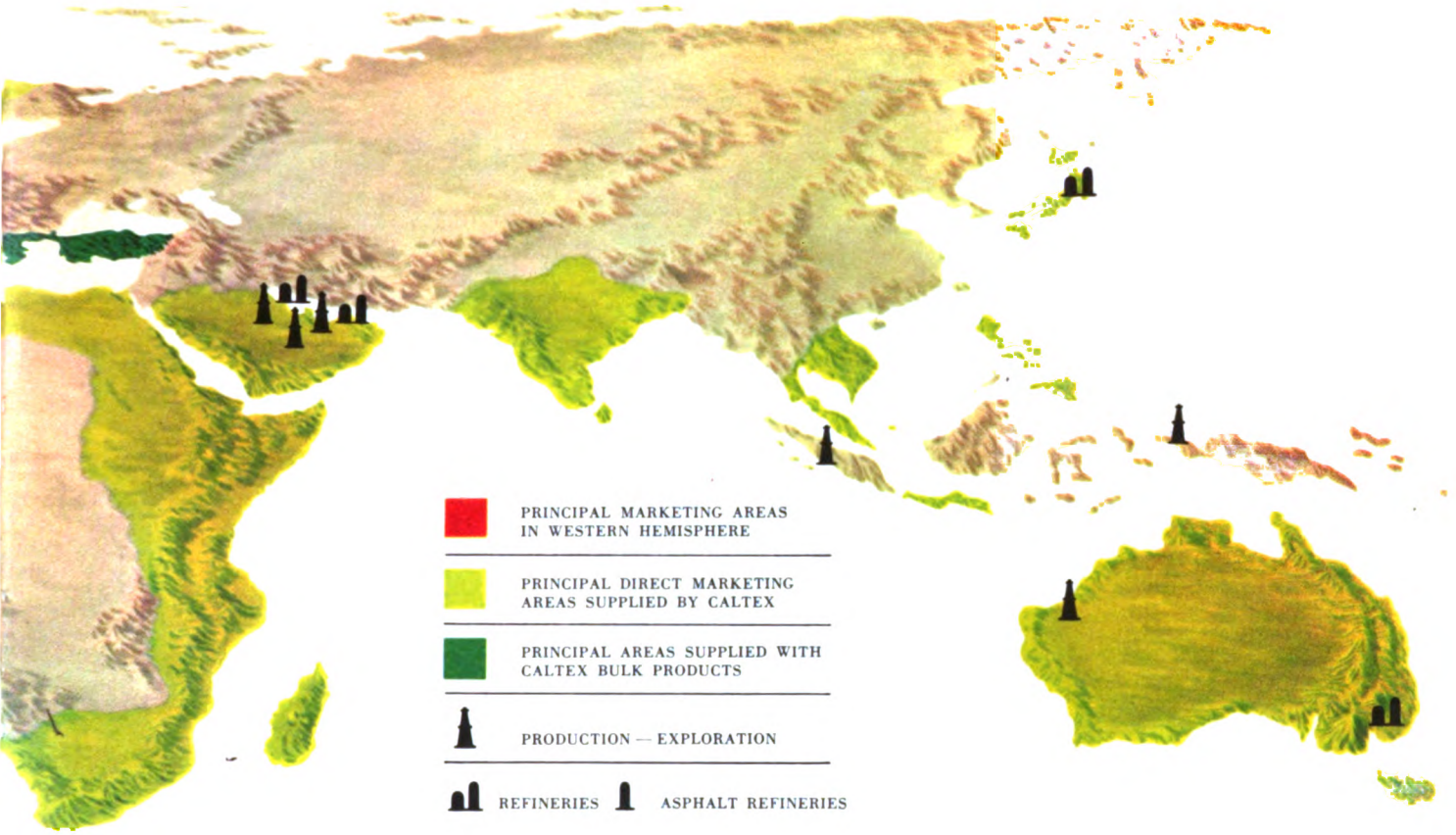
†Wholly owned foreign subsidiaries not consolidated. ‡On basis of Company's net interest in all wells in which it has an equity.



STANDARD OIL COMPANY

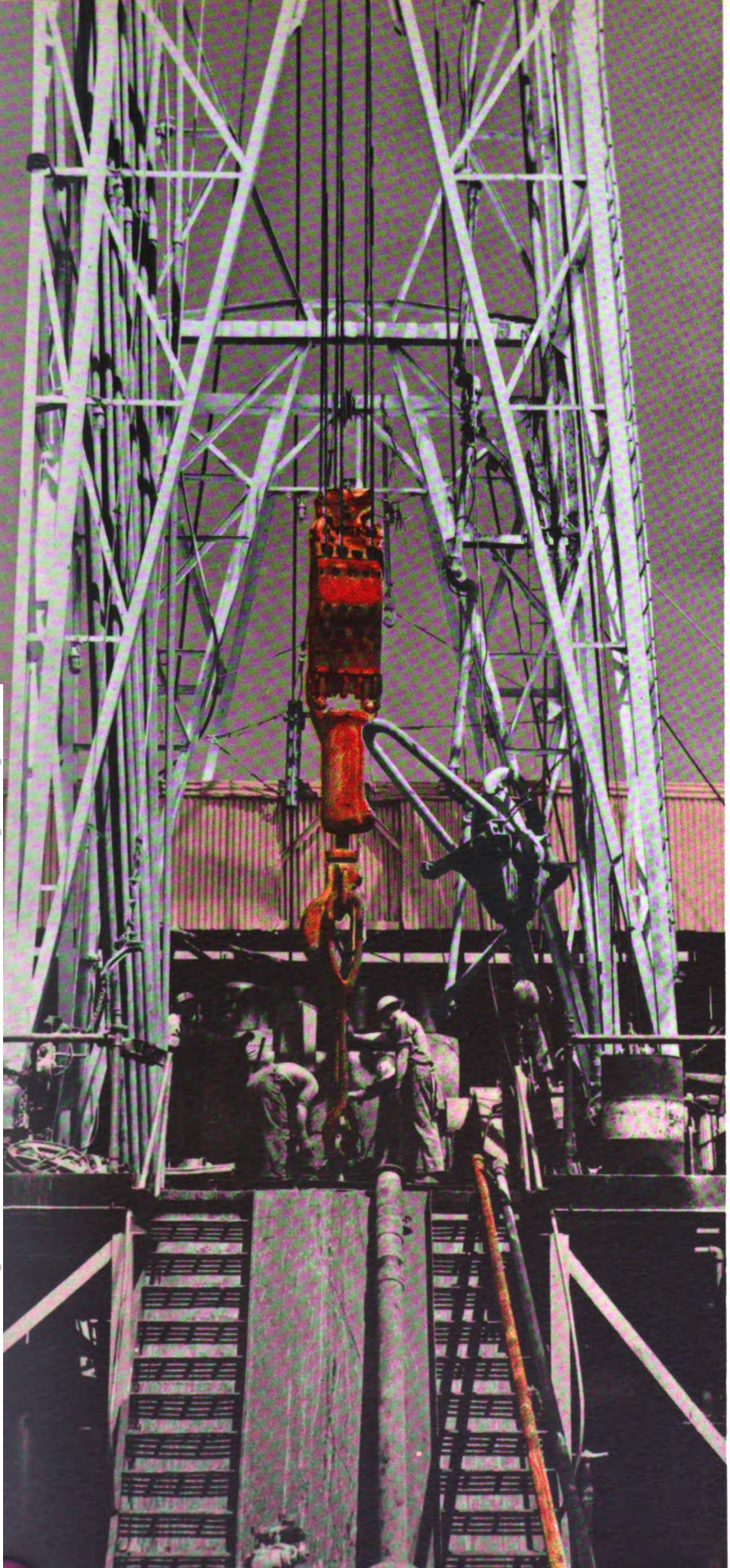
FIGURES IN PARENTHESES ARE COMPANY VOTING INTEREST (%)

		PRINCIPAL AREAS OF OPERATION
UNITED STATES	STANDARD OIL COMPANY OF CALIFORNIA . . . . . Exploration, Producing, Transporting, Refining and Marketing	*California, Washington, Oregon, Arizona, Nevada, Idaho, Utah, Hawaii and Alaska*
	AMERICAN BITUMULS & ASPHALT COMPANY (100) . . . Refining and Marketing Asphalts and Asphalt Emulsions	*United States and Puerto Rico*
	CALIFORNIA COMMERCIAL COMPANY, INC. (100) . . . . . Service Company	*New York and Washington, D.C.*
	CALIFORNIA RESEARCH & DEVELOPMENT COMPANY (100) . . . . Research and Development for U. S. Atomic Energy Commission	*California*
	CALIFORNIA RESEARCH CORPORATION (100) . . . . Research and Development	*California*
	CALIFORNIA TANKER COMPANY (100) . . Marine Transportation and Marketing	*United States and Foreign*
	CALIFORNIA SPRAY-CHEMICAL CORPORATION (100) . . . . Agricultural Sprays	*United States and Foreign*
	CHEVRON OIL COMPANY (100) . . . . . Geophysical Surveys	*United States and Canada*
	LOMITA GASOLINE COMPANY (100) . . . . . Natural Gasoline	*California*
	MURVALE OIL COMPANY (100) . . . . . Producing	*California*
	ORONITE CHEMICAL COMPANY (100) . . . . . Chemicals	*United States and Foreign*
	PACIFIC OIL COMPANY (100) . . . . . Shale Lands	*Colorado*
	PASOTEX PETROLEUM COMPANY (100) . . . . . Exploration and Producing	*Oklahoma*
	PASOTEX PIPE LINE COMPANY (100) . . . . . Oil Transportation	*Texas*
	SALT LAKE PIPE LINE COMPANY (100) . . . . . Oil Transportation	*Utah, Colorado, Idaho, Oregon and Washington*
	SALT LAKE REFINING COMPANY (100) . . . . . Refining	*Utah*
	SOUTH CENTRAL PETROLEUM CORPORATION (100) . . . . . Producing	*Kentucky*
	STANDARD GAS COMPANY (100) . . . . . Oil and Gas Transportation	*California*
	STANDARD OIL COMPANY OF TEXAS (100) . . . . . Exploration, Producing, Refining and Marketing	*Texas and New Mexico*
	STANDARD PIPE LINE COMPANY (100) . . . . . Oil Transportation	*California*
	STANDARD STATIONS, INC. (100) . . . . . Service Station Operation	*Seven Western States*
	THE CALIFORNIA COMPANY (100) . . . Exploration, Producing and Marketing	*Rocky Mountain, Central, Eastern and Southeastern States*
	THE CALIFORNIA OIL COMPANY (100) . . . . . Refining and Marketing	*Eastern United States*
	HUNTINGTON BEACH COMPANY (63.64) . . . . . Oil Royalties and Land	*California*
	COL-TEX REFINING COMPANY (62.50) . . . Producing, Refining and Marketing	*Texas*
	AMERICAN GILSONITE COMPANY (50) . . . . . Gilsonite	*Utah and Colorado*
	POCAHONTAS TERMINAL CORPORATION (50) . . . . . Oil Terminal	*Portland, Maine*



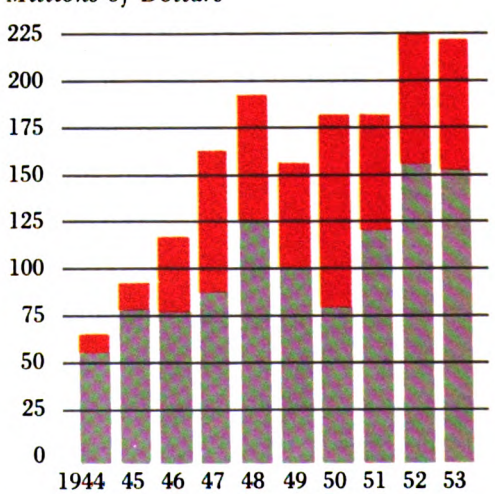
OF CALIFORNIA AND SUBSIDIARY AND AFFILIATED COMPANIES

	FIGURES IN PARENTHESES ARE COMPANY VOTING INTEREST (%)	*PRINCIPAL AREAS OF OPERATION*
CANADA	Standard Oil Company of British Columbia Limited (100) . . . . . Refining and Marketing	*Western Canada*
	The California Standard Company (100) . . . Exploration and Producing	*Western Canada*
CENTRAL AND SOUTH AMERICA	California Ecuador Petroleum Company (100) . . . . . Exploration	*Ecuador*
	Compañia Comercial California, S. A. (96) . . . . Service and Marketing	*Mexico*
	Compañia Petrolera California, Ltd. (100) . . . . . Marketing	*Guatemala and El Salvador*
	Richmond Exploration Company (100) . . . . Exploration and Producing	*Venezuela*
	Richmond Oil Company (100) . . . . . Exploration	*Peru*
	Richmond Petroleum Company of California (100) Exploration Investigations	*Foreign*
	Richmond Petroleum Company of Colombia (100) . . . . . Exploration	*Colombia*
CARIBBEAN AREA	Bahama California Oil Company Limited (100) . . . . . Exploration	*Bahama Islands*
	Dominion Oil Limited (100) . . . . . Exploration	*Trinidad*
MIDDLE EAST AND FAR EAST	Arabian American Oil Company (30) . Exploration, Producing and Refining	*Saudi Arabia*
	Trans-Arabian Pipe Line Company (30) . . . . . Oil Transportation	*Middle East*
	The Bahrain Petroleum Company Limited (50) . . Producing and Refining	*Bahrain Island (Persian Gulf)*
	N. V. Caltex Pacific Petroleum Maatschappij (50) Exploration and Producing	*Indonesia*
	Far Pacific Investments, Inc. (50) . . . . . Investments	*Netherlands New Guinea*
OTHER FOREIGN AREAS	California Transport Corporation (100) Marine Transportation and Marketing	*Foreign*
	International Bitumen Emulsions Corporation (100) . Asphalt Emulsions	*North and South America and Pacific area*
	American Overseas Petroleum Limited (50) . . . . . Exploration	*Eastern Hemisphere*
	Caltex Oceanic Limited (50) . . . . . Marketing	*Foreign*
	Caltex Oil Products Company (50) . . . . . Marketing and Investments	*Foreign*
	Caltex (U. K.) Limited (50) . . . . . Marketing	*Foreign*
	Mid-East Crude Sales Company Limited (50) . . . . . Crude Marketing	*Foreign*
	Overseas Tankship Corporation (50) . . . . . Marine Transportation	*Foreign Commerce*
	United Overseas Petroleum Company Limited (50) . . . Service Company	*England and Continental Europe*
	West Australian Petroleum Pty. Limited (40) . . . . . Exploration	*Western Australia*
	California Texas Oil Company, Limited (50) Management of Foreign Affiliates	*Eastern Hemisphere*
	California Texas Corporation (50) . . . . . Owns Stocks	*Subsidiaries conduct marine transportation, exploration, refining and marketing business serving Eastern Hemisphere except Russia, China, Central Europe and portions of West Africa.*



Capital and Exploratory Expenditures

Millions of Dollars



DRILLING RIG *in the Mississippi Delta region.*

A REVIEW OF OPERATIONS

Western Hemisphere

(Operations described in this section are those of the Parent Company and wholly owned subsidiaries, unless otherwise noted.)

EXPLORATION AND DEVELOPMENT Exploration is many-phased, including various geological studies and evaluations, acquisition of leases and concessions and, finally, the actual drilling. All of this may extend over a period of years. During 1953, Company crews were engaged in one stage or another of exploratory activity in 29 states in the United States, four provinces in Canada, and in Alaska, the West Indies, Peru, Colombia and Venezuela.

Following successful exploration work, development drilling is required to bring the fields to maximum efficient production.

It is important to obtain the greatest possible ultimate recovery of the reserves. To this end, increasing attention is being paid to secondary recovery projects to bring out oil that otherwise might be lost in the ground. Water flooding or gas injections are employed to restore natural pressures which bring the oil to the surface. The pressures spread underground and in many cases it is becoming a practice to operate an oil field as a unit, so that all producers share in the benefits.

Exploratory and development drilling in 1953 was as follows:

Total number of wells drilled	569
Successful completions (including gas wells)	
Exploratory	28
Development	428
Dry holes	
Exploratory	76
Development	37

The Company had a net total of 7,955 oil and gas wells producing at the close of 1953.

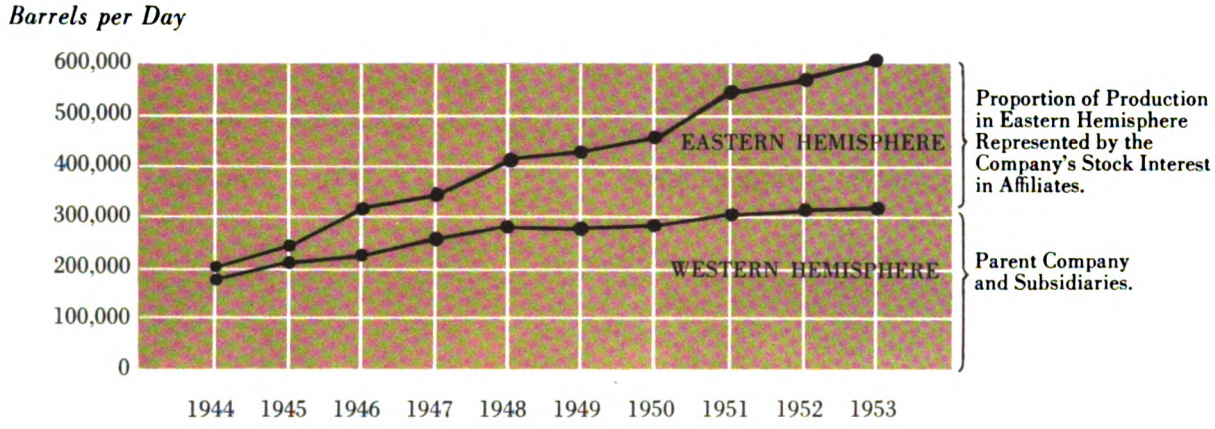
Total gross production by the Company in the Western Hemisphere during 1953 was at the rate of 337,900 barrels daily, including 22,000 barrels daily of natural gas liquids. For the preceding year, production was 337,200 barrels daily, including 23,200 barrels of natural gas liquids. The 1953 production was accounted for as follows:

In California	137,500 barrels daily
Elsewhere in the United States	169,600 barrels daily
Elsewhere in the Western Hemisphere	30,800 barrels daily

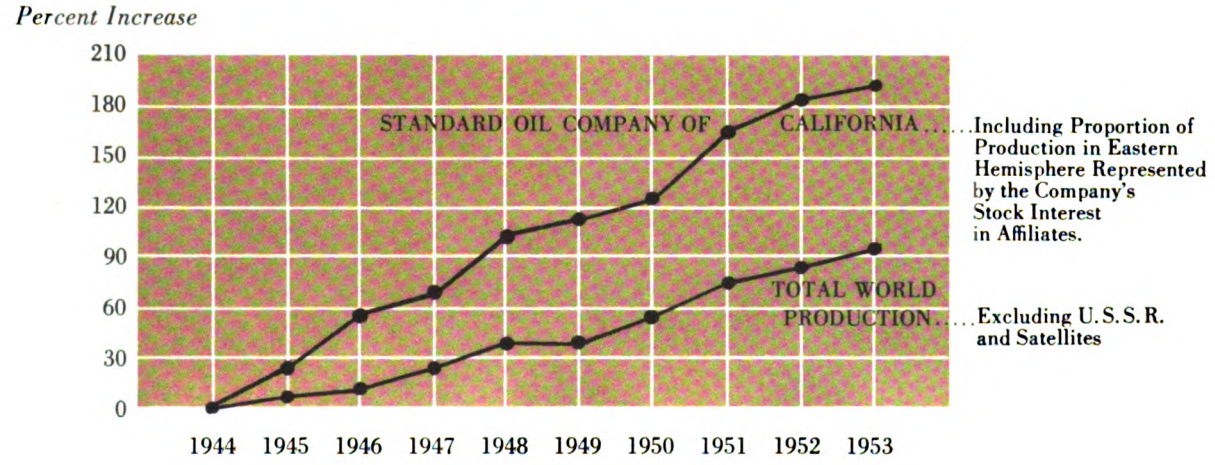
The California Company, which has its principal operations in Louisiana, Mississippi, Colorado and Wyoming, continued geophysical and geological investigations in these states, as well as in Alabama, Florida, Arkansas, Montana, and North and South Dakota. It acquired new leases in most of these states.

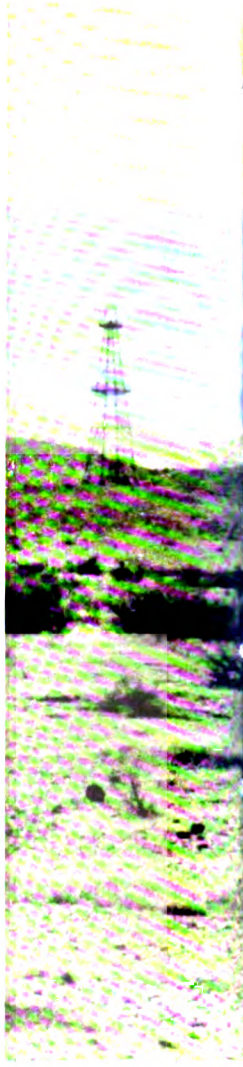
Wildcat drilling operations resulted in the following significant discoveries: South Pass Block 24 and West Black Bay, in Plaquemines Parish, La.; Cut Off, Lafourche Parish, La.; Black Hollow, Weld County, Colo., and Neiber Dome, Washakie County, Wyo.

Gross Crude Oil Production



Growth in Gross Crude Oil Production





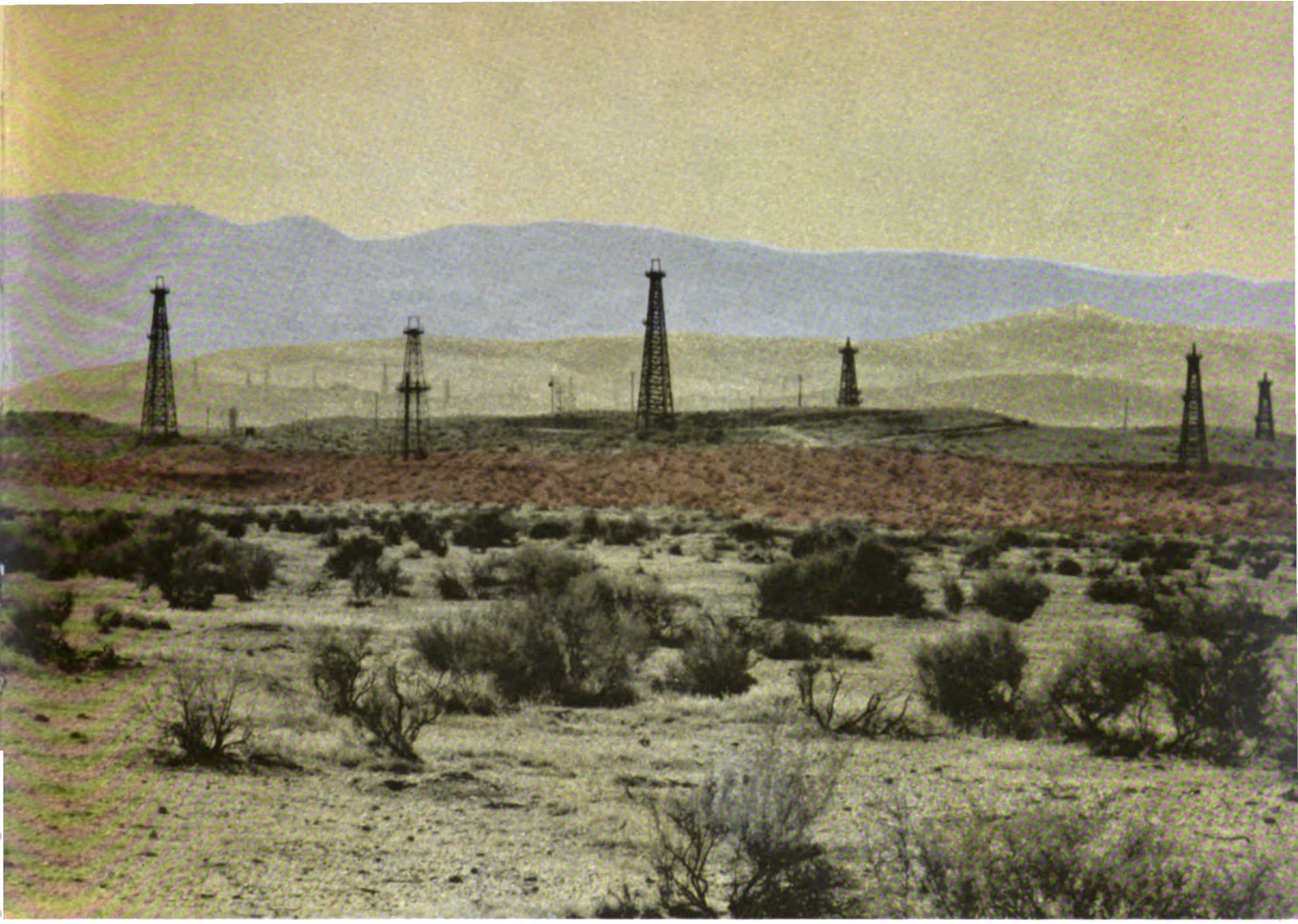
Possible new areas of interest in the future were indicated in the acquisition by this subsidiary of some productive acreage in Estill and Powell Counties, Kentucky. Water flooding will be attempted to increase the yield.

Settlement by Congress of the long dispute over the ownership of the submerged lands lying off the coastal areas of the United States was of much interest to The California Company and Standard Oil Company of Texas, as well as to the Parent Company in its California operations.

The California Company resumed development drilling in two previously discovered fields in the Mississippi-Louisiana Gulf Coast area and extended the producing areas of both fields.

Standard of Texas was the successful bidder for leases from the State of Texas covering a tract of 17,833 acres off the coast of Padre Island in Kleberg County. Exploratory drilling will be undertaken in 1954 at a location a mile and a half from shore, in 35 feet of water. This will be the first well drilled by this subsidiary in offshore submerged lands. However, it pioneered the drilling of submerged locations in the inland coastal waters of Texas.

Standard of Texas made one discovery in the Sherman Area in Grayson County and



OIL FIELD *near Taft in the great Central Valley of California.*

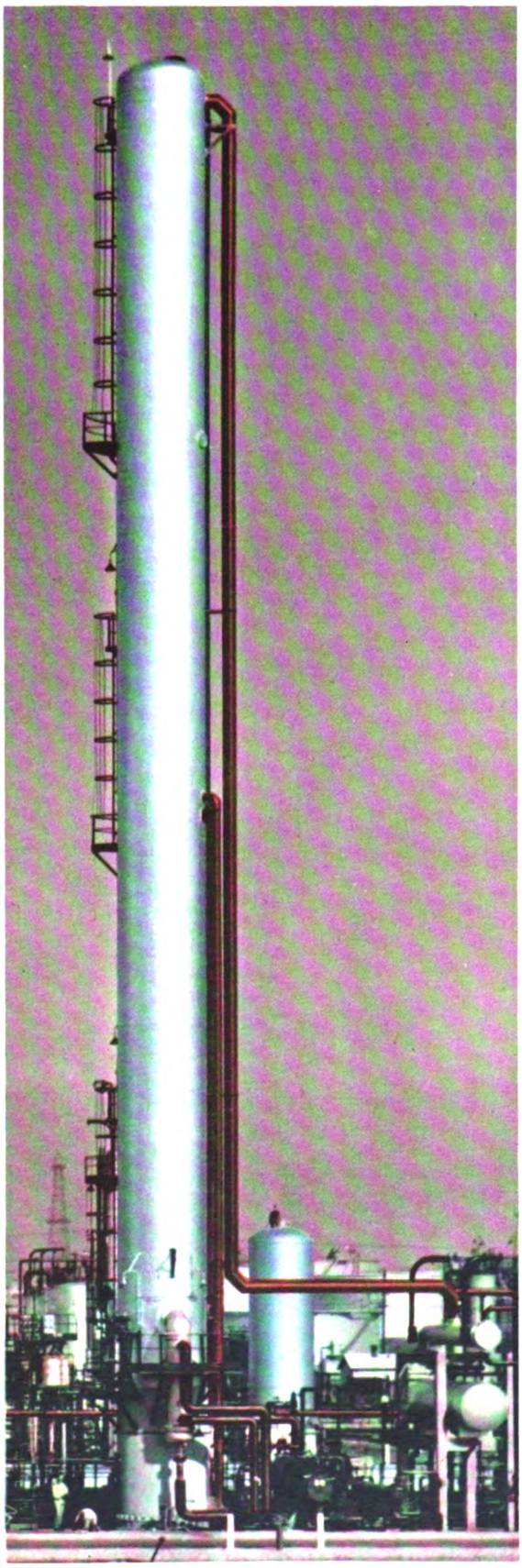
participated with an outside operator in another discovery in Montague County. Both wells are in North Texas.

This subsidiary became the operator of one of the three divisions set up for unit operation of the Kelly-Snyder field in West Texas. This is currently the oil industry's largest unit operation for pressure maintenance, in terms of area and number of wells included. Other secondary recovery programs were carried on by this subsidiary.

In Parent Company operations, the major portion of the exploratory effort was in California. A new field discovery was made at Mission Anticline in the San Fernando Valley. New pool discoveries were made at Rosedale Ranch and 25 Anticline in the San Joaquin Valley, and at Oxnard, near Los Angeles. An extension of the producing area was proved at West Montalvo, near Oxnard. On a participating basis, another pool discovery was made in the Cymric area, in the San Joaquin Valley.

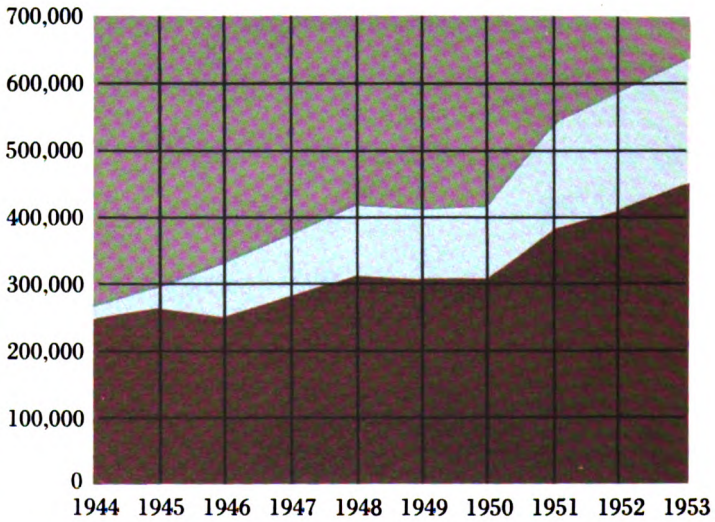
Geological and geophysical work went ahead off the California Coast, in preparation for possible future operations. The State of California must enact new legislation before work in the offshore areas can proceed on a basis comparable to that of the Gulf Coast.

During the year, the Kettleman Hills field was unitized, with the Company as operator.



Refinery Runs of Crude Oil

Barrels per Day



Parent Company and Subsidiaries

Proportion of Crude Oil Runs in Eastern Hemisphere Represented by the Company's Stock Interest in Affiliates.

REFINERY *tower, Platforming Plant, El Segundo Refinery.*

Of the 16 unit oil field plans effective in California, the Company is participating in 12. This is an important factor, because California has no comprehensive conservation laws. The program also adds to the recovery of oil from the Company's properties.

In Canada, The California Standard Company made three oil discoveries and participated in a fourth with another operator. These were the Pigeon Lake and East Acheson fields in central Alberta, and the Whitewater and Scallion fields in Manitoba. Developments at Whitewater and Scallion, as well as in the Roselea field, indicate southwestern Manitoba may become an important oil producing area. California Standard has 1,200,000 acres under lease in this portion of Manitoba.

Six natural gas discoveries also were made in 1953 by California Standard, five in central Alberta and one in southern Alberta. Wells at Homeglen, Rimbey and South Westerose have indicated large gas and distillate accumulations underlaid by thin oil horizons. California Standard has large land holdings in these areas.

The development of these and other natural gas discoveries cannot be fully undertaken until more markets are established. Crude oil production likewise is limited by the available market, and California Standard's production, although increased, remained below its present productive capacity.

In South America, Richmond Oil Company obtained concessions from the government of Peru totaling nearly 1,000,000 acres in the Sechura desert and applied for approximately 2,500,000 acres in the Oriente area, in the Peruvian Andes. Exploratory work is under way.

Richmond Petroleum Company of Colombia began drilling a deep test in Colombia on the Buchado River, about 40 miles from the Pacific Ocean. This subsidiary has 240,000 acres under contract and has filed applications on more than 3,000,000 additional acres.

A concession, covering nearly 3,000,000 acres, was acquired in Ecuador by California Ecuador Petroleum Company.

Development drilling was continued by Richmond Exploration Company in the Boscan field, 20 miles west of Lake Maracaibo, in Venezuela. This special asphaltic-type crude continued to gain in market demand.

Dominion Oil Limited has under lease or application about 1,000,000 acres of oil and natural gas rights on the Island of Trinidad and in the offshore marine areas. Exploratory activities were increased during 1953.

MANUFACTURING To meet new demands, petroleum refining processes are becoming constantly more complex and costly. Automotive engines are going to higher compression ratios, some motors requiring fuel equivalent to the aviation gasoline of only a few years ago. Aviation gasoline requirements, too, have maintained a steady uptrend. Lubricants and greases constantly must be improved. As the field of chemicals derived from petroleum broadens, attractive opportunities are found for the installation of new processes and plants.

For these reasons, the Company has been engaged in a large construction program of refinery facilities and chemical plants, and projects amounting to $58,000,000 were authorized in 1953. Actual expenditures will be at a peak during 1954, as some of the projects are completed and others go into major construction phases.

The various projects are not planned to add substantially to the total of refinery runs. Instead, they will turn out products of more kinds and of higher value.

Two chemical plants were completed during 1953 at El Segundo. One was completed and another expanded at Richmond. The various products turned out by these and other chemical installations are discussed in the Chemical Products section. A number of smaller projects related to general petroleum processing also were completed at these California refineries.

Construction went ahead rapidly during the year on a catalytic cracking and residuum stripper project at El Segundo. This unit will reduce the yield of residual fuel oil and increase yields of aviation and high quality automotive gasolines. Design work was begun on two catalytic reformers, one at El Segundo and one at Richmond, with completion scheduled during 1955. They will permit the further improvement in the quality of Chevron Supreme and Chevron gasolines.

Major expansion of the Vancouver refinery of Standard Oil Company of British Columbia got under way during 1953.

American Bitumuls & Asphalt Company began construction of an asphalt refinery near Cincinnati, Ohio, to process crude from the Boscan field in Venezuela.

Construction of a catalytic reformer was begun at the Perth Amboy, N. J., refinery of The California Oil Company, and completion is expected in 1954.

Col-Tex Refining Company, located at Colorado City, Texas, in which the Company has a 62½ per cent interest, completed a similar unit for improvement of gasoline quality.

MARKETING The often-critical West Coast product shortages of the previous three years eased off in the latter part of 1953. More favorable prices for products and their raw material, crude oil, encouraged the bringing in of oil from outside sources to rebuild inventories to adequate levels.

Competition, particularly in the gasoline and lubricating oil markets, became more intensified as the year passed. The Company marketed new gasolines with improvements designed to fill the needs of today's motorists.

A new motor oil, RPM 10-30 Special, with exceptional lubricating qualities, was introduced and found instant success with automobile owners. Public acceptance was the best ever accorded a new Company motor oil.

The major item of expenditure for marketing facilities was in service station construction and reconstruction, to maintain an adequate number of these outlets to keep up with the increasing demands of motorists along the Pacific Coast. In the 1,100 units of Standard Stations, Inc., the Company has the largest group of stations in the United States under one management. In addition, there are more than 6,000 independent Chevron Gas Stations on the West Coast.

Along with the service station program, other sales and distribution facilities were improved in the interests of better service to customers and more efficient operations.

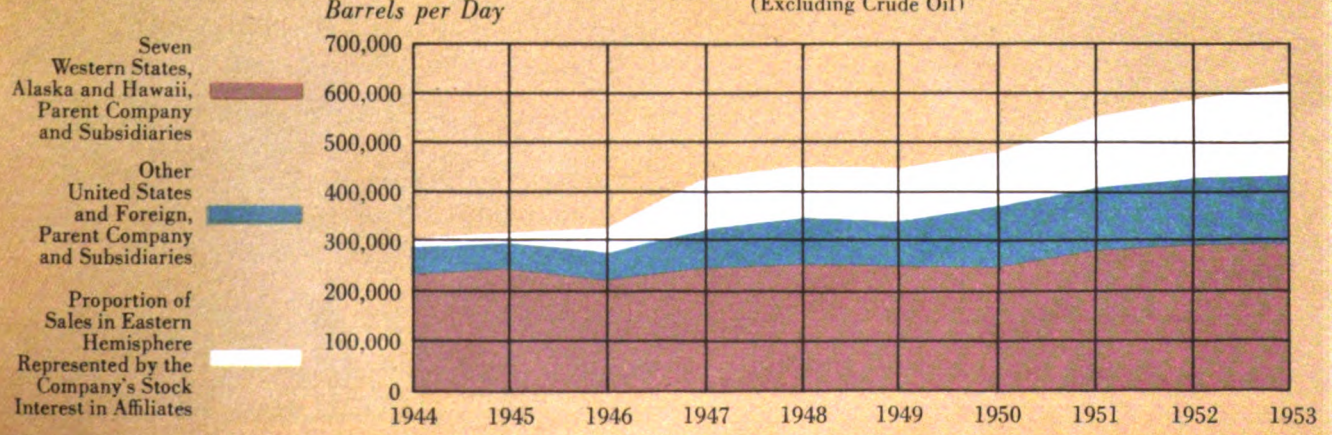
With the end of product shortages, new selling campaigns were instituted for all the major products handled by the Company. Credit card sales to motorists increased 19 per cent over the previous year. They accounted for about one-half of the total business done by Standard Stations and Chevron dealers.

Standard Oil Company of British Columbia Limited, which refines and markets a general line of petroleum products in British Columbia, continued its marketing progress of the past several years.

SERVICE STATIONS, *top to bottom, represent Standard Stations, Inc., company operation, Western States; Calso Stations, dealer operation, Eastern Seaboard; Chevron Gas Stations, dealer operation, Western States.*

Sales of Petroleum Products

(Excluding Crude Oil)



The California Oil Company, a refiner and marketer in 11 Eastern Seaboard states from Maine to Virginia, and in the District of Columbia, arranged for acquisition of a group of 150 service stations in northern New Jersey late in the year. California Oil carried on further improvements of its distribution facilities. It operates through distributors to the consumer trade and markets gasolines under the brand name of "Calso."

Standard Oil Company of Texas improved its marketing facilities in West Texas and New Mexico.

Continued national emphasis on building of new highways was reflected in the operations of American Bitumuls & Asphalt Company. It markets asphalts of various grades from three refineries of the Parent Company and from five of its own refineries. "Bitumuls" Emulsified Asphalt for paving and other emulsions for industrial purposes are manufactured and marketed by 22 plants and district offices throughout the United States.

CHEMICAL PRODUCTS The Company continues to have an important part in the field of chemicals made from petroleum. It has developed and marketed several of the most successful of these new products. The Company's chemical sales organizations are Oronite Chemical Company and California Spray-Chemical Corporation.

Oronite mainly markets industrial chemicals in the United States and abroad. Many of these are basic and intermediate chemical products sold to other manufacturers for final processing and sale.

Oronite continued to supply to the soap industry the key material used in making a large part of the household and industrial detergents used in the United States, and elsewhere in the world. Facilities were expanded for production of a basic chemical used in the manufacture of the polyester fiber marketed by Du Pont under the trade mark *Dacron.*

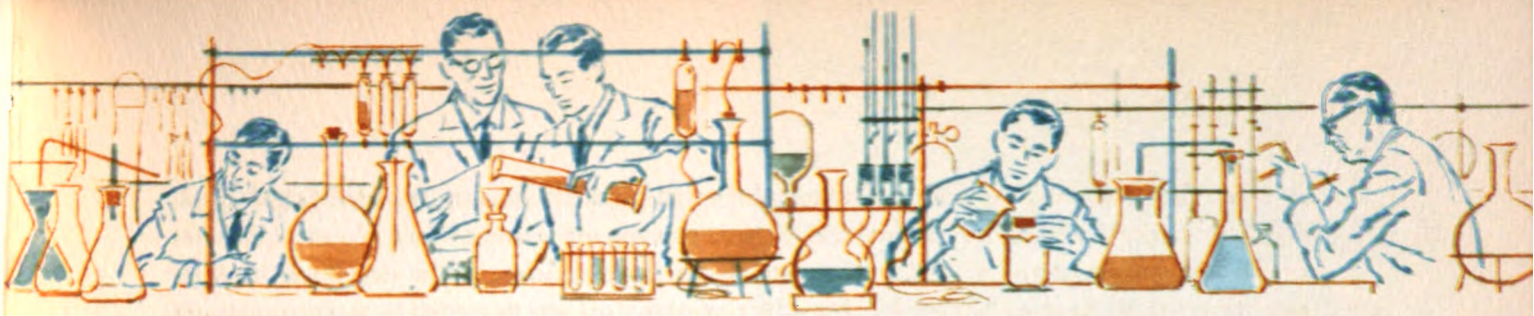
Completion of a phenol plant at Richmond will add importantly to Oronite's line. Phenol is used in the plastic, plywood, paint, petroleum refining, lubricating oil additive and chemical processing industries. A plant manufacturing basic materials for synthetic wood and metal coatings and for plastics was enlarged. Construction of the first commercial isophthalic plant is planned to provide another series of new products. The products will be used in the surface coating and plastic industries.

California Spray-Chemical Corporation is a national marketer of insecticides and garden and agricultural pest control products. These are principally sold under the brand name ORTHO. Cal Spray, in addition to selling finished products, also distributes to other manufacturers and sells in many countries abroad. An aggressive advertising and sales promotion program, begun in 1953, will be maintained in 1954.

RESEARCH is of vital importance to continuing progress and over the years has added a wealth of new products and processes to the Company's stock in trade. California Research Corporation, the research subsidiary, carried on during 1953 a broad program contributing to the science and technology of petroleum. Its research and development expenditures approximated $6,500,000 for the year.

As noted previously, petrochemicals offer many new opportunities. The field is highly competitive and the introduction of new products is particularly dependent on research.

The most recent example is the isophthalic development, which has been mentioned pre-



NEW PRODUCTS *from petroleum, developed by research, are symbolized by the Paraxylene Plant at Richmond Refinery, below. Product of the plant is a key raw material in the manufacture of synthetic fabrics.*

viously. This is a completely new product which will permit manufacture of better paints and plastics. California Research worked out the first process for making it on a commercial scale.

Another example of the value of strong research was evident in the development of the new RPM 10-30 Special Motor Oil. Introduction of this oil was preceded by years of exploratory and fundamental research into all aspects of lubrication, stock selection, effectiveness of additives and influence of motor operating conditions.

Process research also has kept pace with the growing complexity of refining operations required to produce the components of modern automotive and aviation fuels. This work is essential for the selection and design of new plants involving heavy capital expenditures. Process research also is important for purposes of improved operation of existing processes.

Another value of research is demonstrated in the licensing of patents for use by others. As one instance of the value of licensing, California Research Corporation developed the California Polymerization process, which has been licensed to ten oil companies in various parts of the world. It is a refining process for producing high octane gasoline blending stocks from low value stocks or waste gases.

Increasing attention was paid to oil field research at the La Habra laboratory, in Southern California, where encouraging progress is being made in applying latest scientific advances to exploration and production. One development was the application of new electronic computers to the calculation of the flow of oil, gas and water into a well bore. This enables more accurate forecasts of the conditions required for obtaining maximum economic recoveries from oil fields.

TRANSPORTATION The year saw completion and operation, at partial capacity, of the 718-mile Trans Mountain Pipe Line from Edmonton, Alberta, to Vancouver, B. C. Standard Oil Company of British Columbia Limited has an 8⅔ per cent stock interest in this venture.

Salt Lake Pipe Line Company extended its line from Pasco, Wash., to Spokane, Wash., a distance of 140 miles. The line carries finished products 706 miles from Salt Lake City to Spokane.

Pasotex Pipe Line Company completed a 195-mile project to parallel the existing line between Wink and El Paso, Texas. The capacity of this line is 40,000 barrels daily. In addition, early in 1954 Pasotex finished a 154-mile line between Snyder and Wink, Texas. The capacity of this line is 22,000 barrels daily. The crude goes to the El Paso refinery.

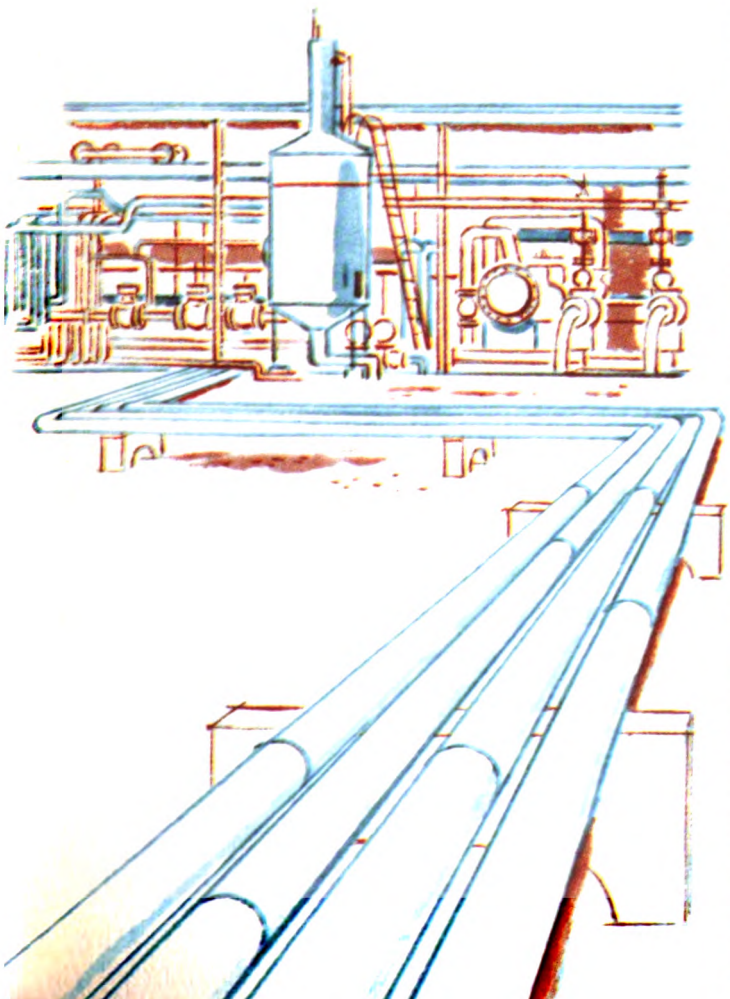
A new 139,000-barrel tanker was placed in operation for service to Hawaii, Alaska and Pacific Coast ports. The Company and its wholly owned subsidiaries own twenty-six seagoing tankers.

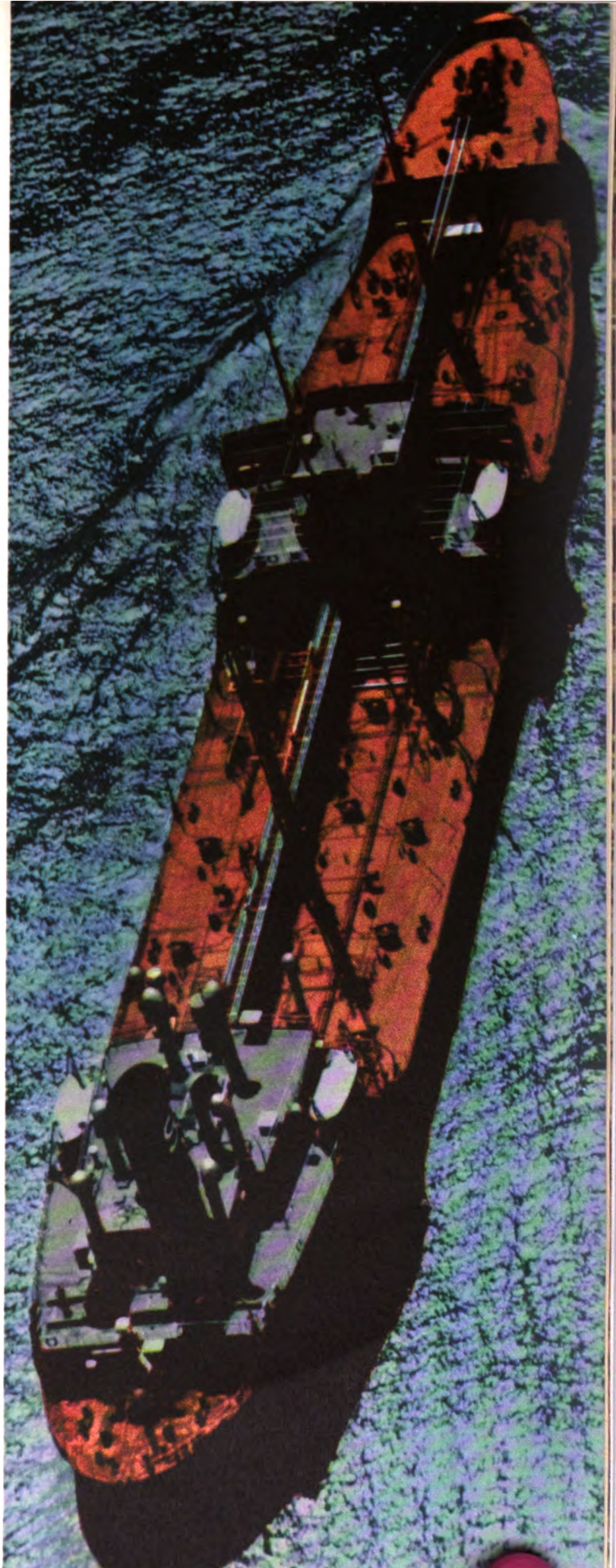
PERSONNEL There were 34,940 men and women working for the Company and wholly owned subsidiaries at the end of 1953. Management-employee relationships remained good.

The Stock Plan for employees has continued to receive wholehearted support, and now has a membership of 12,273, or 95 per cent of those eligible. More than 200,000 shares of Company stock are held for their accounts. Both the employees and the Company contribute to the stock purchases.

While employment became more stable during 1953, the shortage in technically trained applicants continued. The Company maintained a technical personnel recruiting program at

TANKER, *at right, Products Pipe Line pumping station, below.*





PERSIAN GULF *tanker loading at Sitra Pier, Bahrain Island. Below, scene at Minas field, Sumatra.*

selected universities and colleges to obtain candidates best qualified to meet its requirements for specialized skills.

The Company carried on its established benefit plans and programs for security and welfare. The pre-retirement counseling program was expanded to include a greater number of employees approaching retirement age, in answer to their expressed needs.

Safety continued to be a primary program. Co-operation of employees in this direction has resulted in a marked reduction in the number of industrial injuries and motor vehicle accidents and establishment of new low injury and accident frequency rates.

Eastern Hemisphere

ARABIAN AMERICAN OIL COMPANY (Aramco) His Majesty King Ibn Saud of Saudi Arabia died November 9 at the age of 75. He has been succeeded by his eldest son, Amir Saud, former Crown prince, who it is felt, will continue the enlightened administration that characterized his father's regime. It was through King Ibn Saud's good offices that Standard Oil Company of California in 1933 arranged with the Saudi Arab Government a concession agreement for development of Saudi Arabia's oil resources.

In the early years, operations were conducted by California Arabian Standard Oil Company, a wholly owned subsidiary. The name subsequently was changed to Arabian American Oil Company. Participating interests in the operation were acquired by three other American companies with world-wide markets. The Company now holds a 30 per cent interest in this enterprise.

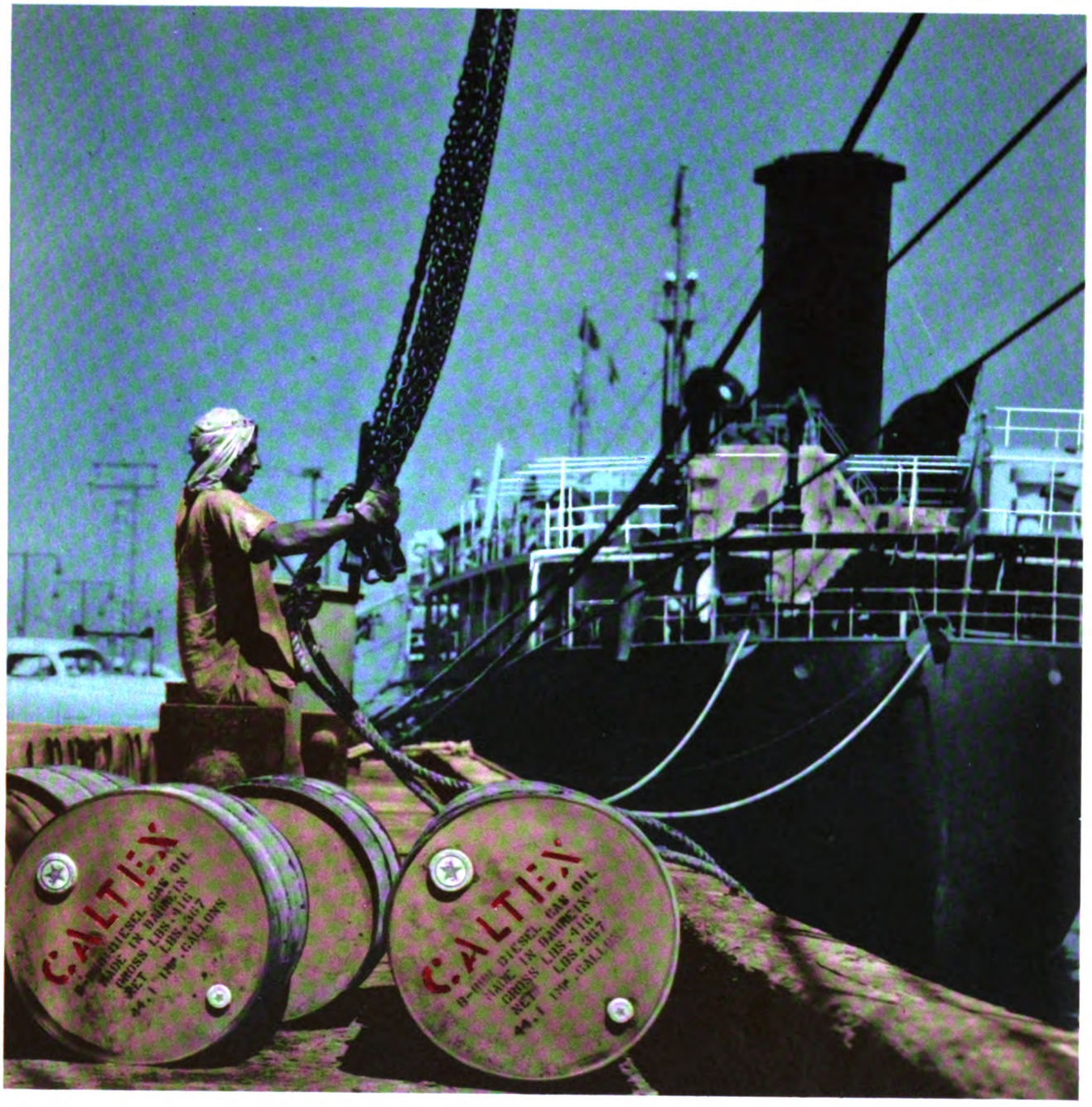
Aramco achieved in 1953 its highest annual production with an average of 844,600 barrels daily, surpassing the previous high of 824,800 barrels daily for 1952.

Aramco has just completed a plant for gas injection and pressure maintenance at the Abqaiq field. This project, the first of its kind in the Middle East, has a dual beneficial effect in that it assures the continued prolific production from Abqaiq for many years and it conserves large quantities of natural gas for the time when it can be used for industrial and domestic purposes.

The Ras Tanura refinery processed 204,300 barrels daily during 1953, as compared with 170,000 barrels the previous year. A catalytic polymerization plant went into operation during the year.

New discoveries continued to add substantially to the crude oil resources of Saudi Arabia. Exploration during the year indicated that Aramco had the largest oil pool in the world in the Ghawar area, in which production now extends through an area 73 miles long and 17 miles wide. It appears that the Ain Dar, 'Uthmaniya and Shedgum fields are connected. The discovery at Huiya between 'Uthmaniya and Haradh fields indicated that the whole En Nala anticline from Ain Dar to Haradh may become one continuous field, making the total length approximately 105 miles.

Promotion of a general health program covering public sanitation and disease control, and the expansion of medical facilities in the company's operating area, contributed further to the welfare of the people of Saudi Arabia.


CALTEX
CALTEX

TRANS-ARABIAN PIPE LINE COMPANY (Tapline), also owned 30 per cent by the Company, delivered 307,500 barrels daily of Arabian crude to its Mediterranean terminal at Sidon. Tapline paid off an additional $10,000,000 of its construction loan in 1953, reducing the total debt to $95,000,000.

CALTEX COMPANIES These are owned 50 per cent by the Company and constitute an integrated organization operating in 67 countries in the Eastern Hemisphere outside of the Iron Curtain. They have 29,300 employees comprised almost entirely of foreign nationals and this has contributed importantly to friendly relationships in the various countries in which the companies operate.

As an indication of the growth of these companies, fifteen years ago the organization as then constituted sold approximately 24,600 barrels of crude oil and products daily. By 1953, this had increased twenty-fold to 495,900 barrels daily. During this period, Eastern Hemisphere demand increased 1⅓ times, a comparison demonstrating that these companies are a strong competitive force in that area of the world.

Refineries located throughout the Eastern Hemisphere, which Caltex companies either own wholly or in which they have an interest, processed a total of 327,800 barrels daily in 1953, an increase of 41,600 barrels daily over 1952.

Construction schedules were maintained for new wholly owned refineries being built at Sydney, Australia; Batangas, The Philippines; Sidon, Lebanon; and on the modernization and expansion of Japanese refineries in which Caltex owns an interest. Two wholly owned refineries already operating are on Bahrain Island and at Pernis in Holland. Partially owned refineries are at Bec d'Ambes, France; Cartagena, Spain; San Martino, Italy, and Sydney, Australia.

During the year, The Bahrain Petroleum Company Limited produced an average of 30,100 barrels daily of crude on Bahrain Island and another Caltex company produced 42,200 barrels daily in Sumatra.

As mentioned previously, an affiliated company, in which Caltex holds an 80 per cent interest, made a discovery that appears to be the first commercial quantity of oil found in Australia. The well, near Exmouth Gulf on the west coast of Australia, was begun on a site selected after more than two years of geological and geophysical work.

The discovery sands are located at a depth of approximately 3,600 feet. Plans call for deeper drilling of the discovery well to test geologic formations lying beneath the discovery sands, and the drilling of other wells, as rapidly as feasible.

During 1953, Caltex companies launched three new tankers, bringing the total number of owned vessels to 54, in addition to 37 under charter. An additional five tankers are either under construction, or contracted for construction. The ships of these fleets, which operate mainly in the Eastern Hemisphere, fly the flags of four nationalities—British, Dutch, French and Panamanian.

1879 - 1954 *Seventy-Fifth Anniversary*

STANDARD OIL COMPANY OF CALIFORNIA

This year, 1954, marks the seventy-fifth anniversary of the direct corporate history of Standard Oil Company of California. Starting from early elements of the Pacific Coast oil industry, it is today one of the Nation's major oil companies, whose interests and activities girdle the earth.

ANNUAL MEETING OF SHAREHOLDERS . . . FIRST THURSDAY IN MAY, AT THE COMPANY'S PRINCIPAL BUSINESS OFFICE, STANDARD OIL BUILDING, 225 BUSH STREET, SAN FRANCISCO.

TRANSFER AGENTS: Standard Oil Company of California, Standard Oil Building, San Francisco 20, California; The Chase National Bank of the City of New York, 11 Broad Street, New York 15, N. Y.

REGISTRARS: The Anglo California National Bank of San Francisco, 1 Sansome Street, San Francisco 20, California; The National City Bank of New York, 55 Wall Street, New York 15, N. Y.